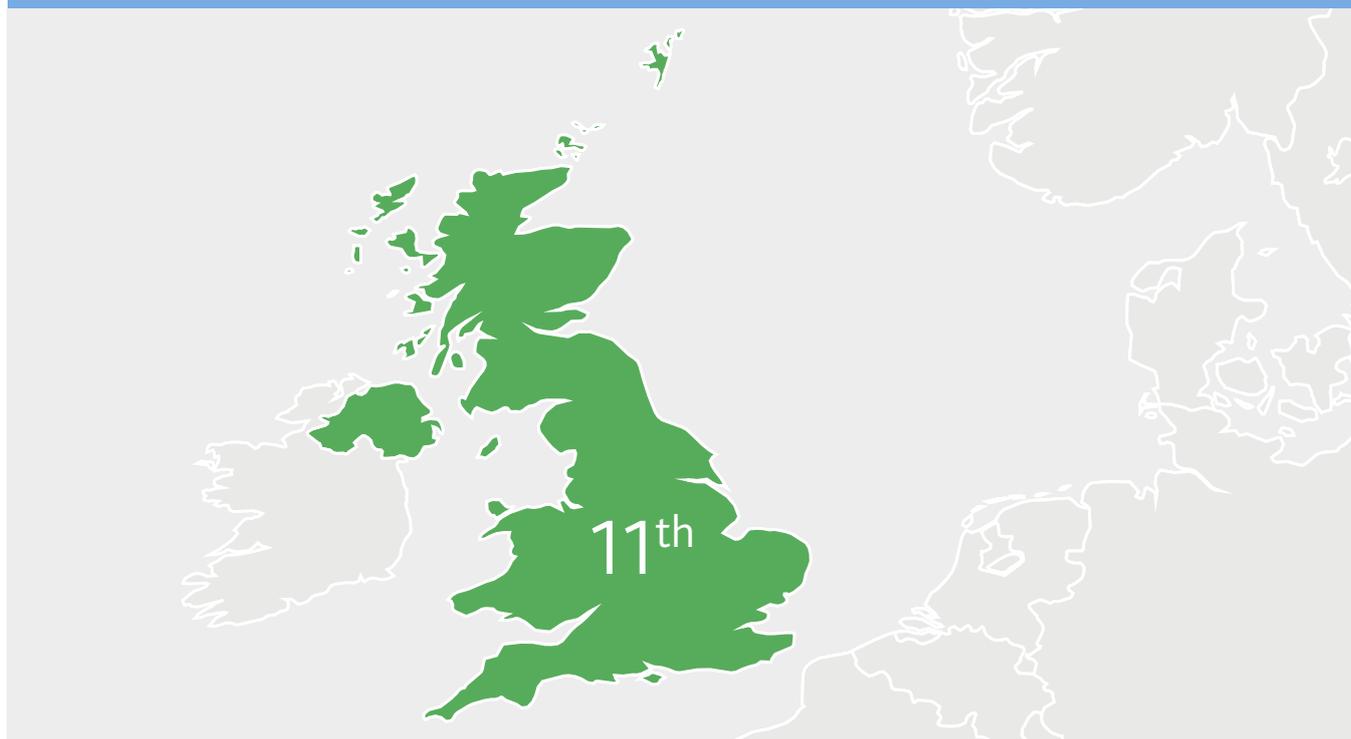


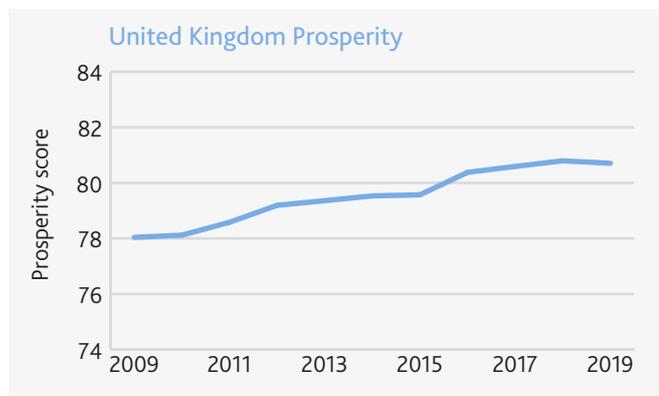
Prosperity in the UK 2019



PROSPERITY IN THE UK IN 2019

The United Kingdom is the 11th most prosperous nation in the world. The country remains the world's 9th most open economy, thanks to a world-class environment for investment and enterprise.

However, declines in some aspects of the country's social capital are warning signs that true prosperity can be achieved only when it is viewed holistically, strengthening all aspects of what it takes to build a flourishing life.



HEADLINES

- **The UK is ranked 11th in the world for overall prosperity, up from 16th a decade ago.**
- The country has a remarkably strong economic story to tell, ranking 9th in the world for Open Economies, up two places since 2009. **It has a world leading investment environment (4th) and strong enterprise conditions (6th),** but has fallen three places to 15th in the rankings for economic quality since 2009, due in part to a less diverse set of goods being exported.
- **An overall rank of 14th masks significant weakness in some key aspects of social capital.** In the last 10 years, the UK has seen declines in the stability of personal and family relationships (now ranked 56th, a fall of 25 places in the global rankings), and the country's ranking for social networks has also slipped back to 52nd. These are warning signs for future prosperity.
- While the UK's overall performance on health remains strong, there has been **a decrease in satisfaction with the quality of healthcare (down 21 places to 34th), and increasingly stretched facilities.**



ANALYSIS AND COMMENTARY

One of the key findings from the last 13 years of the Legatum Prosperity Index™ is that a nation's prosperity depends on an open economy and empowered people, free to live in an inclusive society. In a prosperous society, people are safe, healthy, educated, and have access to the basic services they need to flourish; the economy encourages innovation and investment, promotes business and trade, and facilitates growth that enables all of society to participate; and the social and legal institutions are robust, protecting the fundamental freedoms of individuals and their ability to thrive.

A prosperous country requires these three areas to work together holistically. The UK has an impressive economic story to tell, but this strong performance should not be left to do the heavy lifting for the nation's overall prosperity. The country's formal and informal institutions must be fully functioning to ensure that the strength of the wealth-generating economy is translated into improved lived experiences that benefit the whole population.

The Index shows that the biggest challenge for the UK is not an economic one, but a societal one. Weaknesses in aspects of social capital, especially personal and family relationships, should be taken as clear warning signs for overall prosperity in the UK. Heeding this warning requires a new focus and understanding across central and local government, communities, and individuals to recognise the challenge, and act to address it.

Strong families and strong local communities are cornerstones of society. They create a society in which people are protected in times of need and help each other. People enjoy the sense of belonging to a society where they can work towards a better future for themselves and their loved ones.

Social networks and institutional trust together comprise the glue that holds society together.

A decade ago, the UK ranked 31st for personal and family relationships, but has dropped to 56th in 2019, reflecting a fall in the help people get from family and friends. This breakdown of relationships is not something the UK should accept as irreversible, given there is much to learn from other nations about how to improve. For example, it is interesting that countries such as Denmark, Norway, Finland, and Iceland – all of which rank in the top 10 for overall prosperity – also rank in the top 10 for personal and family relationships. Even countries with lower overall prosperity, such as Mongolia, Argentina, Malta, and Cuba, score better than the UK when it comes to personal and family relationships. The data suggests that there is a lot these nations do better than the UK to offer support and bind people closer together.

Levels of civic and social participation and trust of strangers are healthy in the UK, although the former has declined over the past decade. However, the country faces the challenge of low levels of institutional trust (in local police, the judicial system, financial institutions, and government), ranking 44th globally in 2019 despite improvements over the last 10 years. Moreover, in common with much of Western Europe, people's confidence in government is a notable weakness for the UK, at a global rank of just 108th, although this has improved since 2009 when the UK was ranked 132nd.

With this in mind, the challenge for the UK is to strengthen the social capital of the nation. Promoting and enabling the development of social capital is complex as it depends on the involvement of all the stakeholders of society. A first step is increased awareness of the importance of social capital not only as an end in itself, but as an essential contribution to maintaining the long-term happiness, economic growth, and prosperity of all.

UK PILLAR HIGHLIGHTS

Overall Prosperity: The UK's prosperity levels steadily improved over the last 10 years and reached the global top 10 for four of the last six years. It ranks 11th in 2019.

Inclusive Societies

- **Safety & Security (16th):** The UK has low levels of political-related violence, civil conflict, and violent and property crime. However, the tragic incidents of the last few years have led to a global ranking of 113th for terrorism – although this is on a par with the majority of Western Europe and the UK is ranked 12th out of 20 countries in the region.
- **Personal Freedom (15th):** There is little legal discrimination in the UK and the country is currently ranked 7th for the freedom to assemble and associate and 17th for freedom of speech and access to information, although in common with most of the rest of the world the latter has declined since 2009. However, while social tolerance is comparatively strong in the UK, it has faltered in recent years – counter to the global trend.
- **Governance (11th):** The UK has consistently strong rule of law and government effectiveness, integrity, and accountability.
- **Social Capital (14th):** Although social capital is improving overall, personal and family relationships and social networks are both weak in the UK. Institutional trust, while improving, remains comparatively low, and the UK mirrors much of Western Europe in experiencing low levels of confidence in national government and financial institutions and banks in particular.

Open Economies

- **Investment Environment (4th):** This is one of the UK's greatest strengths due to world leading investor protection, property rights, and financing ecosystem.
- **Enterprise Conditions (6th):** The UK is one of the best places in the world to start a business, providing a highly flexible labour and contested domestic market, and low burden of regulation.
- **Market Access and Infrastructure (9th):** The UK has world leading communications, with high internet availability and use, and also a good transport network, with strong road, rail, and airport infrastructure.
- **Economic Quality (15th):** There is a mixed picture in the UK – dynamic new business growth is attracting talented people, resulting in good productivity and labour market participation. However, while fiscal sustainability and macroeconomic stability are improving, they continue to be held back by high national debt, low savings, and low growth in per capita GDP. Competitiveness is also weakening, with reduced export diversity and fewer high-tech manufactured exports.



Empowered People

- **Living Conditions (8th):** The UK has world-leading access to basic services such as drinking water and electricity, and high levels of access to quality shelter and nutrition.
- **Health (23rd):** The UK has one of the best healthcare systems in the world, but satisfaction levels have fallen. While UK residents generally experience good physical health, the country ranks in the bottom 20 worldwide for non-communicable diseases (such as heart and respiratory diseases) and the rates of obesity and substance abuse disorders are among the highest in the world. The UK has a middling performance on mental health, with suicide rates increasing over the past decade.
- **Education (15th):** The UK has shown strong improvement in pre-primary education and continued strength in primary and tertiary education, but secondary education has not really improved in the last 10 years. The adult population in the UK is more skilled than it was a decade ago.
- **Natural Environment (24th):** Given the size of the UK's population and economy, there are relatively low levels of emissions and correspondingly low exposure to air pollution. There are also strong environmental preservation efforts in the UK, with the forest area of the country recovering, although still low. However, flood occurrence is high, the stability of marine biodiversity is poor, and renewable water resources are low.

CONCLUSION

The UK has maintained its position as one of the most prosperous nations in the world, hovering around 10th position in the global rankings over the past few years. It has the ninth most open economy globally, although the quality of its economy still hasn't recovered to pre-financial crisis levels.

However, while formal institutions are performing well in the UK, the informal structures of society need strengthening: personal and family relationships are weak and civic and social participation has declined. And while the lived experience of UK residents has improved marginally over the past decade, with education and health both improving, there are some alarm bells with residents experiencing very high rates of obesity, substance abuse disorders and suicide.

The UK has much to celebrate, but there is clear potential for the country's prosperity to continue to improve if social capital is strengthened.

United Kingdom score change 2009–19, by pillar

